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BEFORE THE ARIZONA CORPORATION COMMISSION

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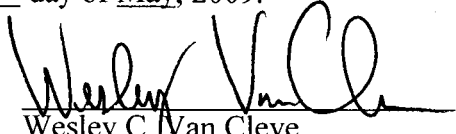
IN THE MATTER OF THE APPLICATION OF
SUNRISE WATER COMPANY FOR A
DETERMINATION OF THE CURRENT FAIR
VALUE OF ITS UTILITY PROPERTY AND
FOR AN INCREASE IN ITS WATER RATES
AND CHARGES.

DOCKET NO. W-02069A-08-0406

STAFF'S NOTICE OF FILING

Staff of the Arizona Corporation Commission hereby provides notice of filing of the
Summaries of the Testimony of Alexander I. Igwe and Jian Liu in the above-referenced matter.

RESPECTFULLY SUBMITTED this 7th day of May, 2009.


Wesley C. Van Cleve
Attorney, Legal Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

Original and thirteen (13) copies
of the foregoing were filed this
7th day of May, 2009 with:


Docket Control
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

Arizona Corporation Commission

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Copy of the foregoing mailed this
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Craig A. Marks
CRAIG A. MARKS, P.C.
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**SUMMARY OF TESTIMONY
OF
ALEXANDER IBHADE IGWE, CPA
FOR
SUNRISE WATER COMPANY
DOCKET NO. W-02069A-08-0406**

OUTSTANDING ISSUES

RATE BASE

Advances in Aid of Construction - Staff continues to recommend denial of the Company's proposal to reduce test year AIAC by projected refunds. This proposal is inconsistent with sound rate making principles and creates a mismatch. Accordingly, Staff recommends adoption of its recommended rate base.

TEST YEAR OPERATING INCOME

Hydrant Water Sales – Staff continues to recommend adoption of its methodology for calculating normalize test year hydrant sales based on averaging of four years historical data. Staff recommends rejection of the Company's methodology which has the effect of understating test year revenues.

Outside Services – Staff continues to recommend rejection of the Company's proposal to recognize one-half of political lobbying expense as cost of service.

Barn, Workshop, Storage, Field Office and Yard Rental - Staff continues to recommend adoption of its recommendation to deny rental costs related to barn, workshop, storage, field office and yard. These costs are duplicative and unnecessary for provision of service.

Income Taxes – Staff continues to recommend denial of the Company's proposal to recognize income taxes in this proceeding. Sunrise Water Company is a Subchapter S Corporation. According, it is a non-taxable entity under the Internal Revenue Service Codes, thus has no liability for income taxes.

**SUMMARY OF TESTIMONY
OF
JIAN LIU
FOR
SUNRISE WATER COMPANY
DOCKET NO. W-02069A-08-0406**

CONCLUSIONS

- A. The Sunrise Water Company ("Sunrise") is located in the Phoenix Active Management Area ("AMA") and is subject to its AMA reporting and conservation requirements. Staff received an ADWR compliance status report in October 2008. ADWR reported that Sunrise is currently in compliance with departmental requirements governing water providers and/or community water systems.
- B. Maricopa County Environmental Services Department ("MCESD") reported that Sunrise's drinking water system (PWS Number 07- 070) is in compliance with regulatory agency requirements and is currently delivering water that meets State and Federal drinking water quality standards as required by the Arizona Administrative Code, Title 18, Chapter 4.
- C. A check with the Utilities Division Compliance Section showed no delinquent compliance items for the Company.
- D. Sunrise has a curtailment plan filed with the Arizona Corporation Commission.
- E. The existing water systems have adequate well production and storage capacity to serve the existing connections.

RECOMMENDATIONS

- 1. Staff recommends an average annual cost of \$4,819 be adopted for the water testing expense in this proceeding.
- 2. Staff recommends that Sunrise use Staff's depreciation rates by individual National Association of Regulatory Utility Commissioners categories.
- 3. Staff recommends the acceptance of Staff's proposed meter and service line installation charges along with the adoption of an installation charge of "At Cost" for meter sizes of 3-inch and larger, as shown in Table J-1.